

It's So Good, It's Bad!

Utah's low unemployment rate means plentiful jobs but stiff competition

So do you want the good news, or the bad news? Actually, it is the same news. The good news is that Utah's unemployment rate is at historic lows—dropping below 3.0 percent at the end of 2006. Utah hasn't seen rates like these since the late summer of 1952. A rate this low indicates that jobs are plentiful and Utahns are working. The bad news is that the rate is below 3.0 percent. That means businesses face a tight labor market and stiff competition for labor. While jobs may be plentiful, employers bemoan the difficulty they have in finding the skilled workers they need (particularly at wages they desire to pay).

Currently, Utah has one of the lowest unemployment rates in the nation. Each state works with the Bureau of Labor Statistics (BLS) to produce statewide unemployment rates. This shared federal-state program is called Local Area Unemployment Statistics, or LAUS for short (pronounced louse)—no jokes please.

To produce the unemployment rate for the nation, BLS contracts with the Census Bureau to conduct monthly surveys of 60,000 households nationwide. To get state data, the survey results for each state (Utah's share is about 600 households) are fed into an economic modeling system (LAUS), along with non-farm job growth and the amount of unemployment insurance activity. Using statistical techniques, the model then calculates an unemployment rate for each state. Utah is currently in a job boom, with non-farm job growth hovering around 5.0 percent. At the same time, our unemployment insurance activity has been falling. These factors, along with the survey data, have combined to push Utah's rate down to historic lows.

The falling unemployment rate is no surprise when compared to the strength of job growth in Utah. The current economic climate is strong, as all industry sectors are adding jobs. Construction and professional services have been particularly

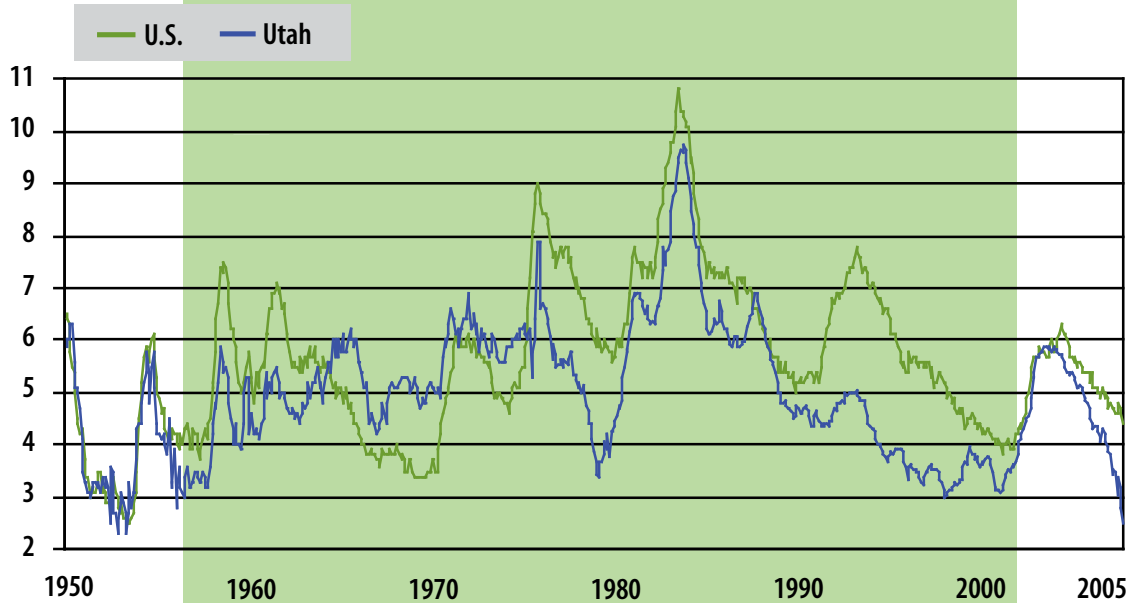
robust. This economic surge has increased the demand for workers and soaked up the surplus labor from the 2001 recession.

The big question is, how long can it last? In the short term Utah is poised for continued good economic times. Job growth may moderate some, but will still be solid. This will keep the Utah unemployment rate from rising significantly. So the good news is that job seekers with skills will find a healthy job market, and the bad news is that employers will continue to scramble to get the workers they need in a tight labor market. ⓘ

For more information try these web links:

- <http://jobs.utah.gov/jsp/wi/utalmis/default.do>
- <http://www.bls.gov/>
- <http://www.bls.gov/cps/home.htm>

Utah and U.S. Unemployment Rates by Month



Utah Job Growth & Unemployment Rate 1970-2006*

